

Message Text

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ACTION EA-10

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EB-07 COME-00 TRSE-00 CIEP-01 /065 W

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P R 050822Z JUL 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 1355

INFO AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

USLO PEKING

CINCPAC HONOLULU HI

C O N F I D E N T I A L TOKYO 8978

E.O. 11652: GDS

TAGS: PFOR, INT, JA, KS

SUBJ: UNEXPECTED DIET RESULTS COMPLICATE MIKI STRATEGY

CINCPAC FOR POLAD

SUMMARY. DRAMATIC EVENTS IN CLOSING DAYS OF CURRENT DIET SESSION HAVE PLACED PM MIKI IN CENTER OF MINI-CRISIS AND CALLED INTO QUESTION HIS DIET APPROACH OF COOPERATION WITH OPPOSITION PARTIES. WHILE WE EXPECT MIKI TO SURVIVE PRESENT CRISIS, EFFECT ON HIS STRATEGY TO INDUCE LDP TO GREATER FLEXIBILITY AND OPPOSITON PARTIES TO GREATER RESPONSIBILITY IS MUCH LESS CLEAR. END SUMMARY.

1. DURING DRAMITIC FINAL HOUS OF REGULAR SESSION, UPPER HOUSE PASSED TWO ELECTION-RELATED BILLS BUT FAILED TO PASS RICE WINE AND CIGARETTE PRICE HIKE PROPOSALS. THIS UNEXPECTED RESULT--WHICH OST CLOSELY PARALELLED JSP POLICY STANCE--HAS LED TO SERIOUS REUMLINGS WITHIN LDP.

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2. IN LATE AFTERNOON OF JULY 4, FINAL FAY OF REGULAR DIET SESSION, UPPER HOUSE FINALLY VOTED ON CONTROVERSIAL ELECTION-RELATED BILLS. ELECTION REDISTRICTING BILL, DESPITE STRENUOUS OPPOSITION AND DELAYING TACTICS BY COMMUNISTS

AND KOMEITO, PASSED 186-49 WITH SUPPORT OF LDP, JSP AND DSP. SOME 12 LDP MEMBERS ABSENTED THEMSELVES, HOWEVER. IN FOLLOWING VOTE ON POLITICAL FUNDS CONTROL BILL, WHICH ALL OPPOSITION PARTIES OPPOSED, RESULT WAS UNPRECEDENTED 117-117 TIE WHICH WAS BROKEN BY UPPER HOUSE SPEAKER KENZON KONO WITH VOTE IN FAVOR. LDP STRATEGY WAS THEN TO TAKE UP AND PASS PRICE HIKE PROPOSALS FOR RICE WINE AND CIGARETTES, BUT MEASURES COULD NOT BE BROUGHT TO A VOTE BEFORE MIDNIGHT DEADLINE.

3. THIS UNEXPECTED RESULT CAME AS A SHOCK TO LDP LEADERSHIP WHICH MET IN EXTRAORDINARY CABINET SESSION SHORTLY AFTER MIDNIGHT (JULY 4-5). AMID GREEK CHORUS CALLING FOR EVERYTHING FROM RESIGNATIONS TO DISSOLUTION, PRIME MIKI AT MORNING PRESS CONFERENCE JULY 5 TOOK RATHER PHILOSOPHICAL POSTURE. HE ADMITTED LACK OF SUFFICIENT CONSULTATION WITHIN LDP, NOTED THAT REFORM PROPOSALS SUCH AS HE ADVOCATES NEVER WIN UNIVERSAL AGREEMENT, AND PROMISED TO DO ALL HE COULD TO ACHIEVE PASSAGE OF REMAINING BILLS--INCLUDING PRICE HIKE--AT NEXT (EXTRAORDINARY) DIET SESSION THIS FALL. A MEETING OF CABINET WITH TOP LDP OFFICIALS IS SCHEDULED FOR EARLY AFTERNOON JULY 5. BUT MIKI HAS ALREADY RULED OUT A CABINET SHUFFLE OR DISSOLUTION.

4. IN UNRELATED LOWER HOUSE ACTION JULY 4, IT WAS DECIDED TO CARRY OVER JAPAN-KOREA CONTINENTAL SHELF AGREEMENT, AS WELL AS NPT, RATIFICATION PROPOSALS TO NEXT DIET SESSION.

5. COMMENT. WHAT MIGHT HAVE BEEN A SIGNIFICANT SUCCESS FOR PM MIKI--PASSAGE OF TWO ELECTION BILLS--TURNED INTO OCCASION FOR SERIOUS CONCERN ON HIS PART WHEN UPPER HOUSE FAILED TO PASS PRICE HIKE PROPOSALS. THIS IS BECAUSE ALREADY SERIOUS BUDGET DEFICIT WILL BE EXACERBATED, REFLECTING UNFAVORABLY ON FINANCE MINISTER NADAOKA LEADING CONTENDER FOR PRIME MINISTERSHIP MASAYOSHI OHIRA. IT IS FIRST TIME IN SOME YEARS THAT PRICE HIKE MEASURES HAVE NOT PASSED. MOREOVER, PRICE HIKE BILL FAILURES SEEM TO HAVE TOUCHED OFF LONG-BUILDING MINOR EXPLOSION OF DISSATISFACTION WITHIN LDP TOWARD PRIME MINISTER MIKI.
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MIKI AND HIS DIET TACTICS.

6. DISSATISFACTION STEMS MAINLY FROM MIKI'S LONGSTANDING TIES WITH OPPOSITION PARTIES, HIS ANNOUNCED POLICY OF DIALOGUE AND COOPERATION WITH THEM, AND HIS EXTRAORDINARILY SHREWD TACTICAL USE OF THEIR SUPPORT TO PUSH HIS OWN LDP INTO LINE. TYPICAL EXAMPLE WAS HIS STRATEGY ON HIGHLY CONTROVERSIAL ANTI-MONOPOLY BILL, OPPOSED BY MUCH OF LDP LEADERSHIP AND MEMBERSHIP, BY POWERFUL MITI BUREAUCRATS AND BY BUSINESS CIRCLES. AFTER BILL WAS PUBLICALLY DECLARED "ABANDONED" IN LOWER HOUSE BY LDP LEADERSHIP, MIKI SUCCEEDED IN OBTAINING JSP, DSP, AND KOMEITO SUPPORT, WHICH FORCED A 180 DEGREE REVERSAL OF JCP POSITION WITHIN TWENTY-FOUR HOURS.

LDP, THEN CAUGHT BETWEEN PM URGING, OPPOSITION SUPPORT AND FAVORABLE PUBLIC OPINION, GRUDGINGLY WENT ALONG. RESULT WAS LOWER HOUSE PASSAGE OF BILL IN RARE INSTANCE OF ALL PARTY AGREEMENT. IT HAD TAKEN MIKI JUST FOUR DAYS SINCE BILL WAS "ABANDONED". A SIMILAR STRATEGY WAS EMPLOYED WITH MOST OF MIKI'S IMPORTANT PROPOSALS, WITH SUCCESS OFTEN TURNING ON JSP SUPPORT. IN SIMILAR FASHION ALL THREE OF MIKI'S IMPORTANT DOMESTIC PROPOSALS--ELECTION REDISTRICTING, POLITICAL FUNDS CONTROL AND ANTI-MONOPOLY--WERE CARRIED IN LOWER HOUSE AND SENT ON TO UPPER HOUSE, UNUSED TO CONTROVERSY AND NEARLY EVENLY BALANCED BETWEEN RULING AND OPPOSITION PARTIES.

7. THERE STRONG PRESSURE FOR ACTION, CONTROVERSIAL NATURE OF BILLS THEMSELVES AND JUDGMENTS ABOUT FACTIONAL OR PARTY ADVANTAGE PRODUCED EXTRAORDINARY PHENOMENA IN CLOSING DAYS OF SESSION. KOMEITO, IN A MOVE ALMOST CERTAIN TO HURT IT WITH ITS RELIGIOUS SUPPORTERS, DECIDED TO JOIN FORCES ALONE WITH COMMUNISTS IN STRONG OPPOSITION TO ALL PENDING BILLS. COMMUNISTS TOOK UNUSUAL (FOR THEM) STEP OF ENGAGING IN (TELE- VISED) PHYSICAL BLOCKING TACTICS WHICH ARE UNLIKELY TO ENHANCE THEIR CURRENT "PEACEFUL" DEMOCRATIC IMAGE. JSP LEADERSHIP, BADLY DIVIDED INTERNALLY AND UNDER EXTERNAL ATTACK FROM JCP, LOST CONTROL OF ITS UPPER HOUSE MEMBERSHIP AT CRUCIAL POINT DUE TO SURPRISING INTRUSION OF SOHYO LEADERSHIP. RESULT WAS UNCLEAR JSP POSITION ON CRITICAL VOTE, WITH SOME MEMBERS VOTING WITH PARTY LEADERSHIP AND OTHERS TAKING SOHYO LINE. LDP UPPER HOUSE LEADERSHIP WAS FACED WITH OPEN REVOLT OF FOUR YOUNGER MEMBERS AND THREATS BY OTHERS UNSATIS-
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FIED WITH MIKI TACTICS TO ABSENT THEMSELVES FROM PARTY AND UPPER HOUSE SESSIONS, AN UNUSUALLY SERIOUS SITUATION GIVEN PARTY'S SLIM EIGHT SEAT MAJORITY. (IN FACT, AS TIE VOTE ON FUNDS BILL SHOWS, TWELVE LDP MEMBERS DID NOT VOTE.) FINALLY, THERE WAS QUESTION OF PRIORITY OF BILLS AND PROCEDURAL DECISIONS WHICH WILL NOW BE REVIEWED AT LENGTH. HAD PRICE HIKE BILLS BEEN TAKEN UP BEFORE ELECTION BILLS, FOR EXAMPLE, OR HAD CERTAIN CRITICAL RULINGS FROM CHAIR BEEN DIFFERENT, RESULTS MIGHT HAVE BEEN QUITE DIFFERENT--MAKING OHIRA LOOK BETTER AND MIKI WORSE.

8. REVERBERATIONS FROM THIS SESSION WILL CLEARLY CONTINUE FOR SOME TIME. IMMEDIATELY AT STAKE IS MIKI POSITION WITHIN PARTY, BUT WE BELIEVE ODDS ARE BETTER THAN EVEN THAT CURRENT CRISIS WILL BLOW OVER IN MATTER OF DAYS AS EMOTIONS SUBSIDE. WHAT IS LESS CLEAR IS FATE OF MIKI'S APPROACH TO DIET AND OPPOSITION PARTIES. MORE THAN ANYONE REALIZED UNITY WITHIN BOTH LDP AND JSP HAS DEPENDED ON TRADITIONAL CONFRONTATION IN DIET. WHETHER MIKI APPROACH OF DIALOGUE AND COOPERATION WILL CONTINUE OR WHETHER ONE OR BOTH PARTIES WILL CONCLUDE THAT UNACCEPTABLE RISKS ARE INVOLVED REMAINS TO BE SEEN. AT STAKE IS PM MIKI'S IMPORTANT ATTEMPT TO ENCOURAGE

GREATER RULING PARTY FLEXIBILITY AND MORE OPPOSTION PARTY RESPON-
SIBILITY. FINAL DIET RESULTS HAVE UNEXPECTEDLY PROVED TO BE A
SETBACK FOR THAT STRATEGY, BUT PM MIKI HAS ALREADY MADE IT CLEAR
HE INTENDS TO PERSIST.
HODGSON

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